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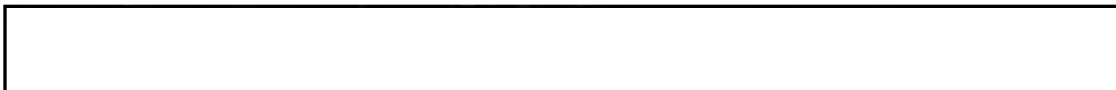
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Norway Warns Soviets About Activities
on Svalbard

Norwegian Prime Minister Bratteli, in a speech last week marking the 50th anniversary of Norway's assumption of control over Svalbard, warned Moscow that Oslo is determined to exercise "full and absolute sovereignty" over the archipelago. He emphasized that Svalbard is "part of Norway" and that Oslo would not relinquish control of the islands, nor would it grant preferential rights or special privileges to any country.

Bratteli's unusually blunt remarks probably reflect Oslo's annoyance over continued Soviet assertiveness in matters relating to Svalbard. The Norwegian press has pointed to Soviet helicopter operations--conducted without Norwegian permission--as evidence that unless the Norwegians act firmly now, they may have difficulty controlling future Soviet activities in the area.

In addition to Svalbard's strategic location at the approaches to Murmansk, the Soviets are interested in the archipelago because of its oil, gas, and coal deposits. The Soviets recently announced that they plan to begin prospecting for oil in the Barents Sea next year.

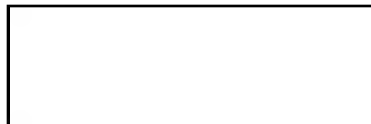
The Svalbard Treaty signed in 1920 granted all signatories the right to pursue economic activities in the area, but all signatories agreed to accede to Norwegian sovereignty over the area. At present, Moscow is the major exploiter of these economic rights. Norwegian control over the area is complicated by the fact that there are twice as many Soviets living on Svalbard as Norwegians, and the Soviets traditionally have ignored many Norwegian administrative regulations.

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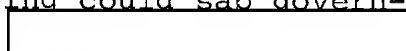
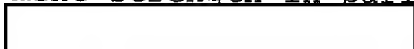
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Belgian Minister's Death May Weaken Government

The Belgian government is in for another shaky period as a result of the death on Monday of Economics Minister Andre Oleffe. For the time being, Prime Minister Tindemans will take the economics portfolio until a successor can be named who will not upset the delicate linguistic, as well as political, balance within the cabinet.

According to the US Embassy in Brussels, none of the professionally qualified candidates from outside the government have the confidence and support of the French-speaking Walloon workers that Oleffe had. The lack of a suitable candidate from the outside could result in a cabinet shuffle and jockeying among coalition forces for the key position.

Tindemans faces serious economic issues that require some difficult decisions--preferably sooner than later. Furthermore, prolonged preoccupation with intra-coalition maneuvering could sap government strength in parliament.



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EC Turns Deaf Ear to Yugoslavia

The EC has turned a deaf ear so far to Yugoslavia's requests for help in countering its worsening balance of payments problems--brought on, in part, by the EC's ban on meat imports.

At a meeting of EC and Yugoslav officials last month, the Yugoslavs presented a list of suggestions for improving economic and financial ties under the terms of the 1973 EC-Yugoslavia non-preferential trade agreement. The EC Commission was reluctant to commit itself to assisting the Yugoslavs, however, agreeing only to establish two committees to investigate prospects for increased agricultural and industrial cooperation.

Little, if any, progress was made in meeting Yugoslav desires to improve benefits for migrant workers and to lift the ban on meat imports. The EC Nine apparently are also unwilling to improve the benefits Yugoslavia already receives from its inclusion in the EC's system of generalized trade preferences for developing countries.

The Commission listened sympathetically to Yugoslavia's request for access to the European Investment Bank, but had not been empowered to take action. The EC Council is expected, however, to approve a loan next month, but at normal commercial rates.

The Yugoslavs have warned the EC that failure to be more forthcoming could force Belgrade to turn to the Soviet-dominated CEMA for more of its imports, especially now that CEMA's credit terms are becoming more generous. Although the EC Commission is anxious to help Yugoslavia maintain its non-aligned position,

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it is doubtful--as a UK official pointed out-- whether the EC members will be able to subordinate their own domestic economic interests in order to make the necessary concessions. The not very responsive attitude of the community towards Yugoslavia would not appear to strengthen the EC's arguments to other East European countries that they should approach the community bilaterally and shun Moscow's attempts to talk for them under the CEMA umbrella.

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